STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 94-123
(Reopened)

June 17, 1998

PUBLIC UTILITIES COMMISSION
Investigation Into Regulatory
Alternatives for the New England
Telephone and Telegraph Company
d/b/a NYNEX

ORDER DENYING
RECONSIDERATION

WELCH, Chairman; NUGENT, Commissioners

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## I. SUMMARY

In this Order we deny the request of AT&T Communications of New England, Inc. (AT&T) to investigate the Access Service Tariff of Bell Atlantic - Maine (B/A - Maine or the Company) filed with the Commission on April 1, 1998, for effect on May 30, 1998. The AT&T petition is being treated as a request for reconsideration, per telephonic discussion between the Clerk of the Commission and Mr. David Fagundus of AT&T. B/A - Maine filed revised access rates with the Commission on May 6, 1998. Those rates became effective on May 30, 1998, in compliance with the Stipulation approved by the Commission in this docket on March 17, 1998, and they remain in effect.

## II. BACKGROUND AND DECISION

The rates filed by B/A - Maine on April 1, 1998, were purported to be in compliance with the terms of the Stipulation approved in this docket on March 17, 1998, that required the Company's access rates to be reduced on May 30, 1998 by 40% of the difference between the Company's then-current access rates and the level of rates that are estimated to be effective on May 30, 1999. The Stipulation did not specify the manner by which the individual access elements would be reduced, but another provision of the Stipulation required that the revised rates would allow Interexchange Carriers (IXCs) to pay rates that would enable them to compete with B/A - Maine's optional calling plans. After discussions between the Company and the Commission Staff, B/A - Maine filed revised rates that more accurately reflected the full intent of the approved Stipulation. The Staff shared the revised filing with AT&T. The Commission allowed those rates to go into effect as of May 30, 1998.

On May 29, 1998, AT&T filed its petition for investigation of B/A - Maine's access rates. AT&T's petition in premised on the use of allegedly corrected quantities (that is, minutes of use) for originating and terminating access for 800/900 service. In order to measure the revenue reduction effect of the proposed rates in its original filing, B/A - Maine used identical present and proposed quantities for all access elements except 800/900 service. For those services B/A - Maine adjusted the distribution of 800/900 minutes between originating and terminating quantities (the total originating and terminating minutes were unchanged) that had been recorded in the test period (March 1997) in order to reflect an alleged misreporting of minutes that had been corrected in subsequent reporting periods. B/A Maine stated that the IXCs had changed their reporting practices, and subsequent to the test period they were reporting a much higher percentage of 800/900 minutes as originating, which are billed at a significantly lower CCL rate than are terminating minutes. The mere changing of the distribution of 800/900 minutes in the Company's initial filing resulted in a revenue reduction of $395,905, or 51.5% of the total required reduction even without any rate reductions.

In the first annual AFOR filing by the Company, we rejected the use of estimated quantities in calculating compliance with the required revenue change, because we intend the annual filings to be relatively simple undertakings in order to avoid the potential for extensive litigation that might result from the use of projections. See March 6,1997 Order (Part II) in Docket No. 96-440 at 5 - 6. Thus, it is likely we would have rejected the use of estimates of changes in the split between originating and terminating 800/900 access minutes, as initially proposed by the Company. The Company's revised filing eliminates the 800/900 distribution issue by combining all CCL quantities and pricing them at a single rate. Although the worksheet included with the revised filing still contains the adjusted quantities of 800/900 originating and terminating minutes, there is no effect on the calculation of the overall proposed revenue reduction, because both originating and terminating 800/900 access minutes are priced at the same CCL rate, as are all other CCL minutes.

AT&T proposes that we accept the <u>adjusted</u> 800/900 terminating/originating quantity distribution for use in calculating the "present" revenue, which would be used as the base for measuring the required 40% reduction. Such method would require that B/A - Maine further reduce its access rates in order to produce an additional revenue reduction of approximately $223,000. For the reasons stated in our previous orders, we continue to reject the use of estimated quantities in calculating required revenue changes under the AFOR. The record contains no evidence to convince us that we should change our policy in this issue. Therefore, we decline to reconsider the access rates that became effective on May 30, 1998.

Dated at Augusta, Maine this 17th day of June, 1998.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Nugent